



MARYLAND STATE TREASURER  
Dereck E. Davis

MARYLAND PREPAID COLLEGE TRUST  
EARNINGS RATE DECISION

## NEXT STEPS FOR MPCT ACCOUNT HOLDERS

### Accessing Account Earnings

STO is working with the Maryland Prepaid College Trust (“MPCT”) Program Manager to implement the necessary changes so that account holders can access their full account values through the online automated recordkeeping system as soon as possible. Until the automated recordkeeping system has been updated and tested, account holders will only be able to request payment for tuition and fees for the fall 2023 semester. Earnings will not be available for tuition benefit distributions through the online automated recordkeeping system until it has been updated and tested. STO understands that, in the past, account holders may have been hesitant to utilize their tuition benefits out of a concern that doing so would mean foregoing earnings. To be clear, taking a distribution for tuition benefits for the fall 2023 semester will not impact the application of the earnings rate to the amount distributed for the period up until the distribution.

If an account holder would like to access account earnings by requesting a rollover to another qualified state tuition program like the Maryland College Investment Plan, a manual calculation will need to be done. In early June 2023, STO pre-authorized the completion of manual calculations for approximately 11,000 accounts expected to have a beneficiary eligible for a tuition payment this fall. To prevent fraud and to conform to audit requirements, receiving a manual calculation will require identity verification. Account holders in this group should submit a Request for Account Support form now to facilitate the identify-verification step in the process. The link for this form can be found at:

<https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Earnings-Calculation-Updates>.

The manual calculation will be based on account balances as of June 15, 2023 and is intended to illustrate, but not guarantee, the precise application of the 6% earnings decision to an individual account. Priority for manual calculations has been given to account holders expected to need tuition benefits for the fall 2023 semester. For account holders without an immediate need for a tuition benefit, STO anticipates that the updated automated recordkeeping system will be online in the near future, thus allowing benefits to be accessed online.

While STO has proactively requested manual calculations for all account holders needing tuition benefits this fall, the timing of the production of manual calculations will depend on how many manual calculations are requested. STO is working with outside vendors to provide the calculations as soon as possible.

## **Tuition Payments**

Payment of full in-state tuition for public colleges and universities in Maryland does not require a manual calculation. Account holders can request a tuition payment online now. Payment of actual out-of-state or private college tuition for fall 2023 up to a maximum of one half of the Weighted Average Tuition<sup>1</sup> also does not require a manual calculation. As stated above, taking a tuition payment now will not impact an account holder's ability to access earnings in the future (except that amounts disbursed will not continue to accrue earnings).

## **Refunds and Rollovers**

Priority processing of refunds and rollovers will be given to account holders who have a beneficiary that requires a tuition payment for the fall 2023 semester. Once an account holder has submitted a complete Request for Account Support form, they will be provided with their manual calculation as well as instructions on next steps in the event the account holder wishes to receive a refund or rollover.

While account holders should be advised that going through the account verification, manual calculation, and refund/rollover process will take time, STO has taken steps to expedite the process as much as possible. The account verification is intended to prevent fraud and to conform to audit standards. If you have questions about the rollover process, please contact [MD529@treasurer.state.md.us](mailto:MD529@treasurer.state.md.us).

## **Claims Process**

The General Assembly established a process for account holders to submit claims with respect to the administration of the MPCT. The Treasurer's immediate decision is focused on the earnings rate because, unlike a claims process that requires individual review of claims, an earnings rate decision can be implemented on a relatively quick and efficient basis. STO will finalize claims procedures once the automated recordkeeping system update is complete and MPCT's actuary has finalized a full actuarial analysis using updated data. The waiting period prior to the announcement of claims procedures does not mean that STO is waiting to implement the claims process. STO has made substantial progress in the implementation of an online claims portal and claims management system, as well as an account verification and payment process. In addition, STO has issued a solicitation for staffing support for the claims process. STO will provide notice to account holders as soon as the claims procedures are finalized and the claims portal is open for submission of claims.

**For account holders who obtained a refund or rollover of their full account value after November 1, 2021, the claims procedures will permit the filing of a claim for the difference**

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<sup>1</sup> As defined in the MPCT Disclosure Statement.

**between the amount that was paid out and the amount that would have been paid out had the 6% retroactive earnings rate decision been effective as of November 1, 2021.**

### **Customer Service Improvements**

Review of the testimony and other submissions of account holders has highlighted the extent to which improvements to the customer service for Maryland 529 are necessary. While STO has prioritized making and implementing the earnings rate decision, STO is working on improvements to customer service. To date, among other reforms, the Treasurer has:

- Created a dedicated e-mail address for account holders to reach out directly to STO (MD529@treasurer.state.md.us);
- Established a process for directing account holders to the appropriate Maryland 529 or vendor contact(s);
- Augmented customer service staffing with both State employees and vendors; and
- Held regular meetings with vendors to update and tailor auto-responses for various types of account holder inquiries.

In the weeks and months ahead, the work to open a new chapter for the Maryland Prepaid College Trust will continue in earnest.